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May 24, 2006

Assessors work to complete state's first annual market-based tax adjustment

INDIANAPOLIS – Township and county assessors are working to complete the first market-based annual property tax adjustment in the history of the Hoosier state.

The effort, which is slated to review the values of the all of the more than 3 million parcels of real property in the state, is the first since Indiana adopted a market-based real estate appraisal system in 2002. That move swapped the antiquated replacement cost-based method of real estate appraisal with a more market-sensitive approach used by 48 other states in the country.

“It is imperative we implement and administer a fair and equitable property tax system that offers the least surprises to taxpayers at tax time,” said Melissa Henson, the commissioner for the state’s Department of Local Government Finance. “By annually adjusting assessed values based on sales data, we can more realistically reflect the market value of the property and reduce the large increases in assessed values that Hoosiers have experienced in the past.”

Historically, properties were only adjusted during renovations or approximately every 10 years during general reassessments. The decade of lapse in assessments often gave taxpayers an exponential change in their assessed value. By adjusting values annually, taxpayers won’t be left to make up for 10 years of market activity in one year like they did under the previous system, Henson said.

Assessors across the state will make adjustments by comparing 2004 and 2005 sales data in their area with the 2002 assessed values. The amount of change between the two will be used to create a factor that assessors will use to update the 2002 assessed values.

“Some taxpayers may see an increase or a decrease in the assessed value based on local market conditions,” said Barry Wood, the department’s assessment director. “Regardless of the change, it is important to remember that the assessed value of a property is only one component of property taxes.

“Another component in whether a taxpayer will see a change their property tax bill is the spending of local government,” he said.

County assessors have until July 1 to submit the new assessments to county auditors for review. County auditors then have until Aug. 1 to certify to the state’s Department of Local Government Finance the county’s assessed values for use in approving budgets and certifying tax rates for the more than 2,500 taxing units across the state.

For more information on the statewide annual adjustment effort, contact Mitch Frazier, the Department’s public information officer, at (317) 233-9222. For information on the current status of adjustments, contact the county assessor. A searchable listing of assessor phone numbers can be found online at http://www.in.gov/serv/dlgf_officials.